

Message Text

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COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 6599

INFO AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

AMEMBASSY WARSAW

C O N F I D E N T I A L SECTION 1 OF 2 NEW DELHI 1419

E.O. 11652: GDS

TAGS: ECON, PL, IN

SUBJ: INDO-POLISH ECONOMIC AGREEMENTS

REF: NEW DELHI 17205 OF 1974

SUMMARY: THE LATEST IN THE INDO-POLISH JOINT COMMISSION IN DELHI RESULTED IN APPARENTLY WIDE-RANGING SERIES OF AGREEMENTS ON ECONOMIC AND COMMERCIAL COOPERATION, INCLUDING TRADE PROMOTION, DEVELOPMENT OF THE INDIAN COAL MINICWK B SHIPPING, AND FISHERIES INDUSTRIES, AND SCIENTIFIC AND CIVIL AVIATION AGREEMENTS. AS ALWAYS THERE IS A QUESTION TO WHAT EXTENT THEY WILL BE FULFILLED, ESPECIALLY IN VIEW OF GROWING POLISH DISSATISFACTION WITH RUPEE PAYMENTS. THE POLES HAVE INTRODUCED MODIFICATIONS IN THE RUPEE PAYMENT SYSTEM THE IMPLICATIONS OF WHICH WE ARE STILL INVESTIGATING. POLISH EMBASSY SOURCES FEAR THAT INDIAN BUREAUCRATIC

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SLUGGISHNESS AND INDECISION WILL DELAY IMPLEMENTATION OF MANY

OF THE AGREEMENTS. END SUMMARY.

1. A MEETING OF THE INDO-POLISH JOINT COMMISSION ON ECONOMIC, TRADE, SCIENTIFIC AND TECHNICAL COOPERATION, TOOK PLACE IN DELHI, FROM JANUARY 19 TO JANUARY 24. THE POLISH DELEGATION WAS LED BY THE DEPUTY PRIME MINISTRY J. MITREGA AND THE INDIAN DELEGATION BY THE MINISTRY OF INDUSTRY AND CIVIL SUPPLIES T.A. PAI. THE INDIAN AND POLISH DELEGATIONS ANNOUNCED WIDE-RANGING PLANS FOR DEVELOPING COMMERCIAL AND ECONOMIC TIES BETWEEN THE TWO COUNTRIES, INCLUDING PROMOTION OF TRADE AND DEVELOPMENT OF THE INDIAN COAL MINING, SHIPPING, AND FISHERIES INDUSTRIES. SCIENCE AND TECHNOLOGY AND CIVIL AVIATION AGREEMENTS WERE ALSO SIGNED.

2. THE POLISH DELEGATION PLACED PARTICULAR EMPHASIS ON THE DEVELOPMENT OF INDIAN COAL MINING. THE JOINT COMMUNIQUE ISSUED AT THE END OF THE MEETING STRESSED SPEEDY COMPLETION OF THE SUDAMDIH-MONIDIH COKING COAL MINE PROJECTS IN BIHAR, WHICH ARE ALREADY RECEIVING POLISH ASSISTANCE. FURTHER DEVELOPMENT OF THE JHARIA COAL FIELDS WAS ALSO DISCUSSED. THE POLISH AND INDIAN DELEGATION AGREED TO COLLABORATE IN DESIGNING SAFETY MONITORING DEVICES FOR COAL MINES, COAL FLOTATION AND REMOVAL OF SAND FROM COAL AND SLURRY.

3. THE POLES WILL ALSO GIVE SIGNIFICANT HELP TO THE INDIAN SHIPPING AND FISHING INDUSTRIES. POLAND AGREED TO PROVIDE INDIA WITH CARGO SHIPS AGGREGATING 300,000 DWT. AT A LATER DATE, THE POLES MAY PLACE ORDERS FOR THE CONSTRUCTION IN INDIAN SHIPYARDS OF MERCHANT SHIPS BUILT TO POLISH SPECIFICATIONS. THE POLES OFFERED TO HELP BUILD A TRAWLER CONSTRUCTION YARD AND FISH PROCESSING PLANTS, WHILE THE INDIANS PLAN TO BUY SOME MORE TRAWLERS FROM POLAND, BEYOND THE 12 THAT THE GOI HAS ALREADY AGREED TO PURCHASE. THE POLES WILL CONDUCT SURVEYS OF INDIAN COASTAL WATERS TO PROVIDE BETTER INFORMATION ON FISHING GROUNDS.

4. THE JOINT COMMISSION ALSO DISCUSSED EXPANSION OF TRADE, BETWEEN THE TWO COUNTRIES, IN THE FRAMEWORK OF THE THREE-YEAR TRADE AGREEMENT ALREADY SIGNED ON DECEMBER 21, 1974 IN NEW DELHI;. IT WAS NOTED THAT TRADE BETWEEN INDIAN AND POLAND IN CY 1974, WHICH ESTIMATED RS. 1,500 MILLION (\$187 MILLION) BOTH WAYS, CONFIDENTIAL

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INCREASED NEARLY 75 PERCENT OVER THE CY 1973 LEVEL. THE POLES REQUESTED THE INDIANS TO IMPORT MORE POLISH INDUSTRIAL EQUIPMENT, WHILE THE INDIANS WANTED INCREASED SHIPMENTS OF FERTILIZERS, ZINC, COPPER, STEEL, AND NEWSPRINT. THE POLES INDICATED THEY WOULD IMPORT LARGER QUANTITIES OF INDIAN TEXTILES, LEATHER GOODS, AND LIGHT MACHINE TOOLS. THE POLES MAY ALSO IMPORT STEEL CASTINGS AND FORGINGS, CONSTRUCTION EQUIPMENT, FREIGHT CARS, LIGHT MACHINES, AND COKE OVEN PLANTS FROM INDIA. THE TWO

DELEGATIONS CALLED FOR GREATER COOPERATION BETWEEN THE ELECTRONICS TRADE AND TECHNOLOGY DEVELOPMENT COOPERATION (ETTDC) OF INDIA AND ITS COUNTERPART ORGANIZATION IN POLAND.

5. THE INDIANS MANAGED TO MAINTAIN A RUPEE PAYMENT SYSTEM FOR COMMERCIAL TRANSACTIONS, ALTHOUGH THE POLES ARE SEEKING TO EVENTUALLY PHASE OUT BILATERAL RUPEE CLEARING. HOWEVER, THE POLES MADE IMPORTANT MODIFICATIONS TO THE SYSTEM. ACCORDING TO A POLISH EMBASSY SOURCE, INVOICES OF ALL ITEMS SOLD BY POLAND WILL BE DENOMINATED IN DOLLARS UNTIL THE TIME OF PAYMENT SO THAT POLISH EXPORT PRICES WILL NOT SUFFER FROM FLUCTUATIONS IN THE VALUE OF THE RUPEE. THE VALUE OF ACCOUNTS IS SUBSEQUENTLY PROTECTED BY DENOMINATING THEM IN SDRS. WE ARE NOT YET ENTIRELY CLEAR ON HOW THIS WILL BE IMPLEMENTED OR WHAT WILL BE THE ULTIMATE EFFECT.

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C O N F I D E N T I A L SECTION 2 OF 2 NEW DELHI 1419

6. ON JANUARY 21, THE POLISH AND INDIAN DELEGATIONS SIGNED A

TWO-YEAR SCIENCE AND TECHNOLOGY WORKING PROGRAM OF COLLABORATION IN THE DEVELOPMENT OF NON-FERROUS METALLOGY, PRODUCTION OF ORGANIC CHEMICALS AND PESTICIDES, MOLECULAR BIOLOGY, AND IRRIGATION AND WATER RESOURCES. THE PROGRAM INCLUDES MUTUAL VISITS OF SCIENTISTS, EXCHANGES OF INFORMATION, AND TRAINING IN POLAND OF BOTANISTS, ZOOLOGISTS, AND COMPUTER SCIENTISTS. THE POLES ALSO DISCUSSED WIDE-RANGING INDUSTRIAL COLLABORATION, INCLUDING HILISH ASSISTANCE IN INDIA'S MANUFACTURE OF MACHINE TOOLS, PAPER MAKING MACHINERY, AND ELECTRONIC PRODUCTS.

7. THE POLISH DELEGATION ALSO PROPOSED THE ESTABLISHMENT OF A DIRECT CIVIL AIR LINK BETWEEN THE TWO COUNTRIES. THE INDIANS SAID THEY WOULD FORMULATE A DRAFT CIVIL AVIATION AGREEMENT NEXT MONTH. THE POLISH EMBASSY INFORMED US THAT THE NEW ROUTE WOULD RUN FROM WARSAW TO BOMBAY WITH A STOP IN THE MIDDLE EAST, AND CONFIDENTIAL

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THAT AIR INDIA WOULD SOON CONDUCT DETAILED DISCUSSIONS WITH THE POLISH NATIONAL AIRLINE.

8. COMMENT: THE POLISH EMBASSY HERE IS NOT VERY OPTIMISTIC THAT THE WIDE-RANGING AGREEMENTS SIGNED AT THE END OF THE JOINT COMMISSION MEETING CAN BE SOON BROUGHT INTO EFFECT. GOI INDECISION AND BUREAUCRACY IS SEEN AS A SERIOUS OBSTACLE TO EFFECTIVE USE OF POLISH ASSISTANCE. THE POLISH EMBASSY INDICATED THAT IT WOULD PREFER POLISH ECONOMIC COOPERATION TO BE CONCENTRATED IN COAL-MINING, SHIPBUILDING, AND FISHERY DEVELOPMENT, WHERE TECHNICAL ASSISTANCE WOULD HAVE A QUICK IMPACT. POLISH EMBASSY SOURCES TOLD US THAT INDIAN EXPECTATIONS ON TRADE EXPANSION WERE TOO OPTIMISTIC, DURING THE MEETING, DEPUTY PRIME MINISTER MITREGA REQUESTED THE INDIANS TO SIMPLIFY THEIR LICENSING PROCEDURES, IF THEY WISHED TO REALLY DEVELOP BILATERAL TRADE WITH POLAND. A POLISH EMBASSY SOURCE COMMENTED THAT THE INDIANS WAITED FOR FIVE YEARS BEFORE ACCEPTING A POLISH OFFER TO SELL HARVESTING COMBINES, AND MEANWHILE THE INDIANS PROCURED MOST OF THE NEEDED FARM EQUIPMENT FROM WESTERN COUNTRIES. WE WILL SUBMIT A FOLLOW-UP REPORT ON POLISH MODIFICATIONS TO THE RUPEE PAYMENT SYSTEM WHEN WE GET MORE INFORMATION FROM THE GOI. END COMMENT.
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